



CITY OF PORT MOODY

AUDIT PLANNING REPORT TO MAYOR AND COUNCIL

December 18, 2020

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EXECUTIVE SUMMARY

Our audit, and therefore this report, will not necessarily identify all matters that may be of interest to Mayor and Council in fulfilling their responsibilities. This report has been prepared solely for the use of Mayor and Council, and should not be distributed without our prior consent. Consequently, we accept no responsibility to a third party that uses this communication.



Your Dedicated BDO Audit Team

Brian Szabo, CPA, CA will be the lead audit engagement partner on the engagement team, and Kristine Simpson will be the quality review partner. They will be supported by experts as deemed necessary. Please refer to [page 4](#) for contact information should you have any questions or concerns regarding the financial statement audit.



Engagement Objectives

Our overall responsibility is to form and express an opinion on the financial statements. The performance of this audit does not relieve management or those charged with governance of their responsibilities. [Page 13](#) of this report, and our engagement letter dated December 18, 2020 includes further details regarding the scope of our work.



Timeline

Please refer to [page 5](#) for the detailed milestones.



Audit Risk Areas

Our audit is focused on risks specific to your business and key accounts. Specifically, we have identified the following areas on which to focus:

- ▶ COVID-19 Impact
- ▶ Risk of Fraudulent Revenue Recognition
[Rebuttable audit risk]
- ▶ Management Override Of Internal Controls
[Mandatory audit risk]
- ▶ Contributed Tangible Capital Assets



Materiality

Materiality for all items other than tangible capital assets is preliminarily set at \$2,300,000. Materiality for tangible capital assets is preliminarily set at \$13,600,000. These levels are based on the prior year's results, and as described on [page 8](#).



Fraud Discussion

Through our planning process, and prior years' audits, we have developed an understanding of your oversight and fraud risk management processes. We are not currently aware of any fraud affecting the City. Please see [page 14](#) for clarification of the auditor's responsibilities for detecting fraud.

If you are aware of changes to processes or are aware of any instances of actual, suspected or alleged fraud affecting the City, we request that you provide us with this information.



Independence

We will confirm our independence in writing as part of our reporting on the results of our audit. At this time, we are not aware of any change in circumstances from that which was reported in our most recent independence letter dated May 6, 2020.



Fees

Our estimated fees are as previously agreed. Please refer to [page 10](#) for further details.

YOUR DEDICATED BDO AUDIT TEAM

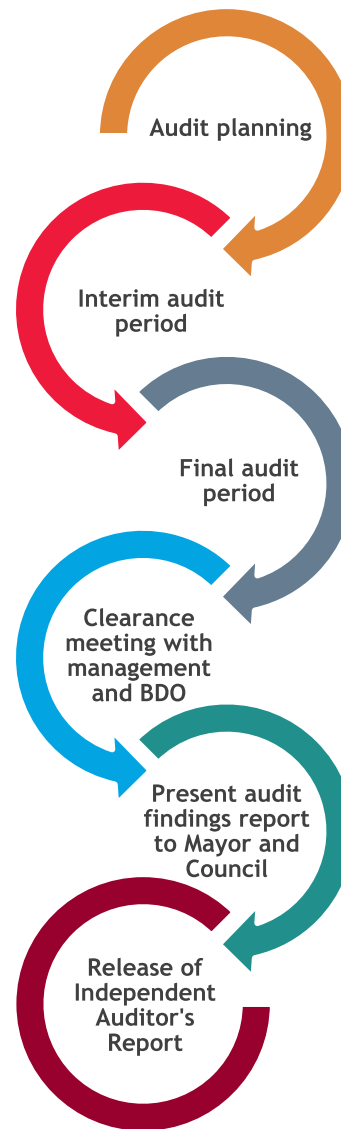
In order to ensure effective communication between Mayor and Council and BDO Canada LLP (“BDO”), the contact details of the engagement team are outlined below. We attempt to provide continuity of service to our clients to the greatest extent possible in accordance with mandatory rotation rules (when applicable). When rotation is required for key members of the engagement team, we will discuss this matter with Mayor and Council and determine the appropriate new individual(s) to be assigned to the engagement based on particular experience, expertise and engagement needs.

NAME	ROLE	PHONE NUMBER	EMAIL
Brian Szabo, CPA, CA	Engagement Partner	604.646.3389	bszabo@bdo.ca
Kristine Simpson, CPA, CA	Quality Review Partner	604.443.4735	ksimpson@bdo.ca
Andrew Davies, CPA	Audit Manager	604.646.6221	andavies@bdo.ca
Khalil Patel, ACCA	Audit In-Charge/Senior Staff	604.646.6526	kpatel@bdo.ca
John Asher, CPA, CA, CISA	IS Audit Senior Manager	604.443.4704	jasher@bdo.ca
Darren Taylor, CPA, CA	Indirect Tax Partner	604.443.4725	dtaylor@bdo.ca

AUDIT TIMELINE

The following schedule outlines the anticipated timing of the audit of the financial statements of the City.

As part of the year end Mayor and Council meeting, we will provide Mayor and Council with a copy of our draft audit opinion, discuss our findings, including significant estimates utilized by management, accounting policies, financial statement disclosures, and significant transactions completed during the year. We will also report any significant internal control deficiencies identified during our audit and reconfirm our independence.



- November, 2020
- November 30 - December 4, 2020
- March 22 - April 2, 2021
- Mid April, 2021
- Early May, 2021
- After approval of the consolidated financial statements by Mayor and Council

AUDIT RISK AREAS AND PLANNED RESPONSES

Based on our knowledge of the City’s business, our past experience, and knowledge gained from management and Mayor and Council, we have identified the following significant and other key audit risk areas that we wish to raise to your attention.

Risks classified as significant arise due to a combination of: complex accounting rules, changes in operations or business lines, the extent of estimation and judgment involved in the financial statement area, and the existence of new accounting pronouncements that affect them. We request your input on the following significant risks and whether there are any other areas of concern that Mayor and Council have identified.

AUDIT RISK AREAS	RISKS NOTED	AUDIT APPROACH
<p>Impact of COVID-19</p>	<p>The global health crisis known as “COVID-19” has caused significant disruptions to workforces across the globe. This drives potential operational risks for many organizations.</p>	<p>Review the impact of COVID19 - whether temporary or permanent - on processes, controls and operations. Based on the results of this review we will perform additional procedures, or revise previously planned procedures, to address any additional audit risks identified.</p>
<p>Risk of Fraudulent Revenue Recognition</p> <p><i>[Rebuttable audit risk]</i></p>	<p>We have rebutted the presumption of fraudulent revenue recognition. Nevertheless, accounting standards relating to grant and government transfer revenue recognition are complex and open to variation in application. There is a risk that grants or revenue derived from other government transfers may be incorrectly deferred into future periods or recognized prior to stipulations being met.</p>	<p>Review of funding agreements, with a focus on key terms related to revenue recognition criteria, including: total funding amounts, eligibility criteria, stipulations and potential repayment.</p> <p>Verify a sample of grant fund receipts to the bank statement and supporting payment notification from the funder.</p> <p>Expenditures incurred for projects funded by arrangements that include certain stipulations will also be reviewed to ensure those expenditures meet the requirements of the funding agreement.</p> <p>Review other revenue streams to ensure they are recorded in accordance with revenue recognition standards.</p>
<p>Management Override of Internal Controls</p> <p><i>[Mandatory audit risk]</i></p>	<p>Management is generally in a unique position to perpetrate fraud because of the ability to directly or indirectly manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.</p>	<p>Review of transactions recorded in various ledgers for unusual, non-recurring adjustments that are not addressed by other audit procedures.</p> <p>Test the appropriateness of key estimates, and any adjustments made in the preparation of the financial statements.</p>

AUDIT RISK AREAS	RISKS NOTED	AUDIT APPROACH
<p>Contributed Tangible Capital Assets</p>	<p>The City periodically receives material contributions of infrastructure and other tangible capital assets from developers. The recognition of these contributions relies heavily on input from departments other than finance. This creates a risk that contributions may not be identified and recorded in the financial records.</p> <p>Further, these contributions are often pursuant to complex legal agreements, can be challenging to value, and frequently transpire over multiple years. This creates a risk that identified contributions may not be recorded in accordance with the relevant accounting standards.</p>	<p>Discuss with planning and development personnel the status of active and completed developments in the year, and inquire as to whether the listing of contributed assets provided to us is complete.</p> <p>Review meeting minutes and key development agreements for indications that additional infrastructure assets may have been contributed.</p> <p>Verify the legal transfer of title, and assess management’s estimates of the fair value of contributed tangible capital assets for reasonability and compliance with the relevant accounting standards.</p>

MATERIALITY



Misstatements, including omitted financial statement disclosures, are considered to be material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Judgments about materiality are made in light of surrounding circumstances and include an assessment of both quantitative and qualitative factors and can be affected by the size or nature of a misstatement, or a combination of both.

Materiality for all items other than infrastructure (“specific materiality”) is preliminarily set at \$2,300,000, and materiality for infrastructure is preliminarily set at \$13,600,000. These levels are based on the prior year’s total expenses and tangible capital assets, respectively, with consideration for the current year’s preliminary results. Specific performance materiality, a risk-adjusted threshold used in the performance of audit testing, is preliminarily set at \$1,950,000. The trivial threshold, above which all detected differences are reported to Mayor and Council, is preliminarily set at \$115,000.

Our materiality calculations are based on the City’s preliminary results. In the event that actual results vary significantly from those used to calculate preliminary materiality, we will communicate these changes to Mayor and Council as part of our year end communication.

We will communicate all corrected and uncorrected misstatements identified during our audit to Mayor and Council, other than those which we determine to be “clearly trivial”. Misstatements are considered to be clearly trivial for purposes of the audit when they are inconsequential both individually and in aggregate.

We encourage management to correct any misstatements identified throughout the audit process.

USING THE WORK OF OTHERS

Experts

In order for us to perform adequate audit procedures on certain financial statement areas, we will be relying on the work of, and the reports prepared by, Mercer Canada (in relation to certain employee benefits). Canadian generally accepted auditing standards require us to communicate with this expert. In accordance with audit standards we may be required to discuss certain matters with this expert. These matters may consist of the following:

- ▶ The objective and nature of our audit engagement and how we intend to use the expert's findings and report.
- ▶ Our assessment of the significant and risk aspects of the engagement that will affect the expert's work.
- ▶ The requirement to advise us if they have any relationship with the organization which could impair their judgment or objectivity in the conduct of their engagement.
- ▶ The nature, timing and extent of the expert's work and our planned review of it, possibly including review of their working papers.
- ▶ Confirmation that the assumptions used in their calculations are consistent with those used in the prior periods and with industry standards.
- ▶ Their obligation to advise BDO of any matters up to the estimated audit report date that may affect their calculations and their report.

We ask that the appropriate level of management review the data provided to Mercer Canada, and that they also review the assumptions used and results reported by this expert for reasonableness.

FEES

The estimated fee for the 2020 audit engagement is as specified in our response, dated August 17, 2018, to your RFP number 18-10, as has previously been agreed.

Our estimated fees are based on the time expected to complete the audit and excludes taxes, out of pocket expenses, applicable internal administration fees, and are based upon the following assumptions:

- ▶ We will be provided with the requested audit schedules, working papers and descriptions of accounting systems and processes as detailed in our annual requirements communication upon the commencement of the audit period;
- ▶ The draft financial statements, including notes, are prepared to a standard suitable for audit with all balances reconciled to the underlying accounting records;
- ▶ There will be minimal adjusting entries; and
- ▶ The nature of the City's operations remain consistent with the prior year, and there have been no significant changes in personnel with a financial reporting or internal control function.
- ▶ There are no unexpected matters of an accounting, auditing, or reporting nature arising subsequent to the date of this report.

In addition, our fees may be impacted by circumstances arising from COVID-19, including but not limited to: potential changes in processes and controls at the City, changes in timing at the request of management, changes in logistics relating to remote auditing, delays in communications and responses received and other inefficiencies inherent in working in a remote audit environment. We will communicate any of the above to the best of our ability as they arise and agree with management the impact on our fees, if any, prior to billing.

AUDIT SERVICES THAT DIFFERENTIATE BDO FROM OUR COMPETITORS

Although BDO and our larger competitors share many similarities, including our national and international structures, services and use of techniques and tools to manage engagements, it is *how we deliver our services* that truly differentiate us from our competition.

We offer clients the full service expertise of a national firm, while maintaining a local community focus. This local presence combined with our partner to staff ratio creates the following key differentials that make us an excellent fit for our clients:

- ▶ Our philosophy of “Big Enough to Know, Small Enough to Care” is paramount to our service model.
- ▶ BDO is deliberately structured to allow one partner to every 6 staff. This means easy access to senior staff and the “Partner in Charge” of the audit as well as a quick turnaround on any questions.
- ▶ Our partner-driven approach allows us to have our partners involved throughout each stage of the audit. This ensures that we identify and resolve issues on a timely basis and provides you with a senior-level contact to address your concerns.
- ▶ BDO's accounting and management professionals are sensitive to meeting deadlines. We commit to meeting the deadlines as mutually agreed upon by BDO and our clients.

APPENDICES

Appendix A: BDO Audit Strategy

Appendix B: Responsibilities

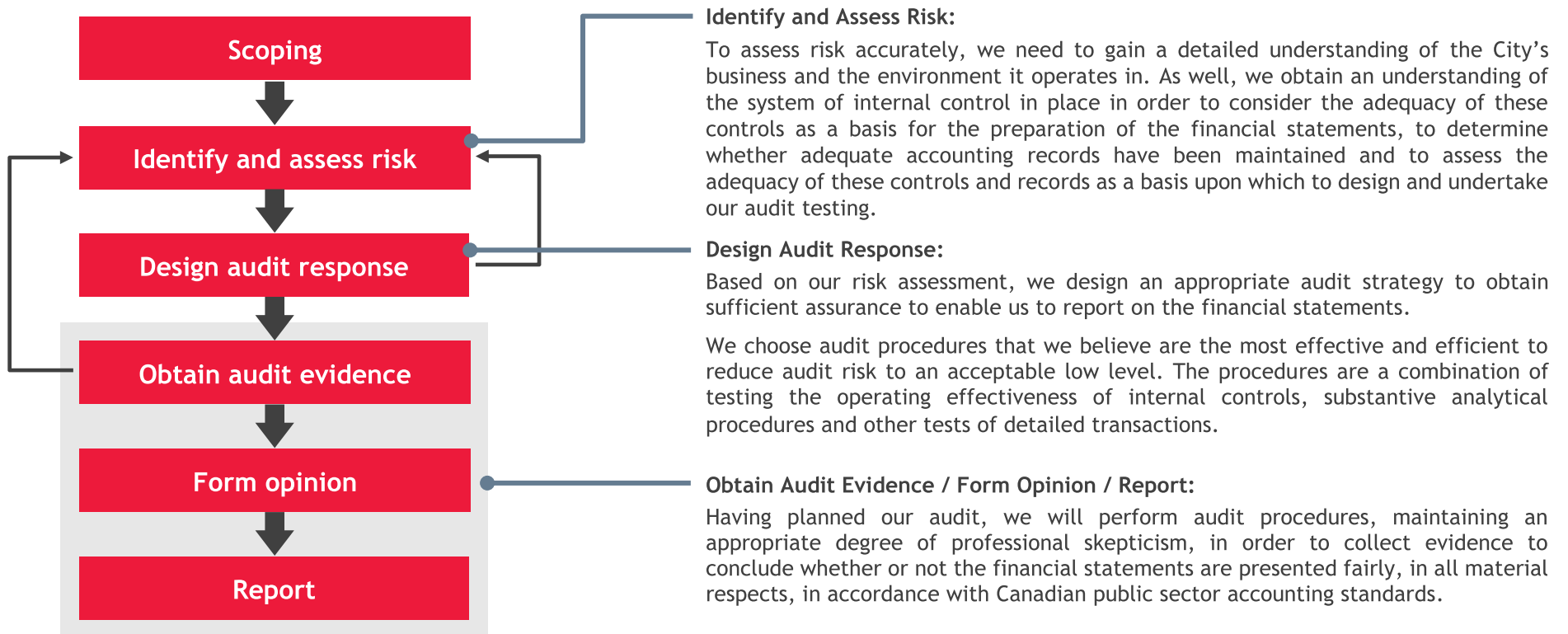
Appendix C: BDO Resources

Appendix D: Changes In Accounting Standards With Potential Affect To The City

APPENDIX A: BDO AUDIT STRATEGY

Our overall audit strategy involves extensive partner and manager involvement in all aspects of the planning and execution of the audit and is based on our overall understanding of the City.

We will perform a risk-based audit which allows us to focus our audit effort on higher audit risk areas and other areas of concern for management and Mayor and Council.



APPENDIX B: RESPONSIBILITIES

It is important for Mayor and Council to understand the responsibilities of the City and its management, the external auditor, and the responsibilities of those charged with governance. BDO’s responsibilities are outlined below and within our engagement letter dated December 18, 2020. The oversight and financial reporting responsibilities of Management and those charged with governance are also summarized below.

AUDITOR’S ENGAGEMENT OBJECTIVES

Our overall objective is to express an opinion as to whether the financial statements present fairly, in all material respects, the financial position, financial performance and cash flows of the City in accordance with Canadian public sector accounting standards.

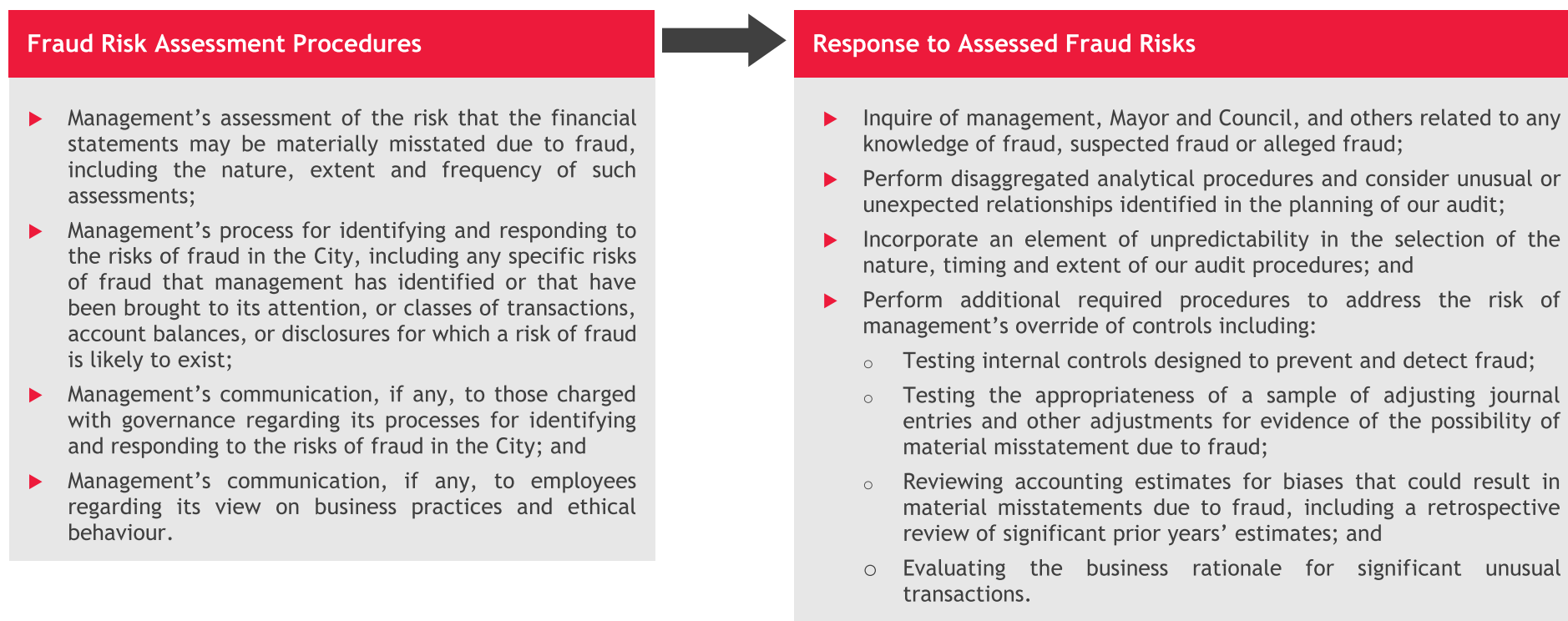
Year-End Audit Work	Other Information
<ul style="list-style-type: none"> ▶ Work with management towards the timely issuance of financial statements. ▶ Provide timely and constructive management letters. This will include deficiencies in internal control identified during our audit. ▶ Present significant findings to Mayor and Council including key audit and accounting issues, any significant deficiencies in internal control and any other significant matters arising from our work. 	<ul style="list-style-type: none"> ▶ Read the other information included in the City’s annual report to identify material inconsistencies, if any, with the audited financial statements.
	Year-Round Work
	<ul style="list-style-type: none"> ▶ Consult regarding accounting, indirect tax, information systems and controls, and other reporting matters as requested throughout the year.

AUDITOR’S RESPONSIBILITIES FOR DETECTING FRAUD

We are responsible for planning and performing the audit to obtain reasonable assurance that the financial statements are free of material misstatements, whether caused by error or fraud, by:

- ▶ Identifying and assessing the risks of material misstatement due to fraud;
- ▶ Obtaining sufficient and appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and
- ▶ Responding appropriately to fraud or suspected fraud identified during the audit.

The likelihood of not detecting a material misstatement resulting from fraud is higher than the likelihood of not detecting a material misstatement resulting from error because fraud may involve collusion as well as sophisticated and carefully organized schemes designed to conceal it.

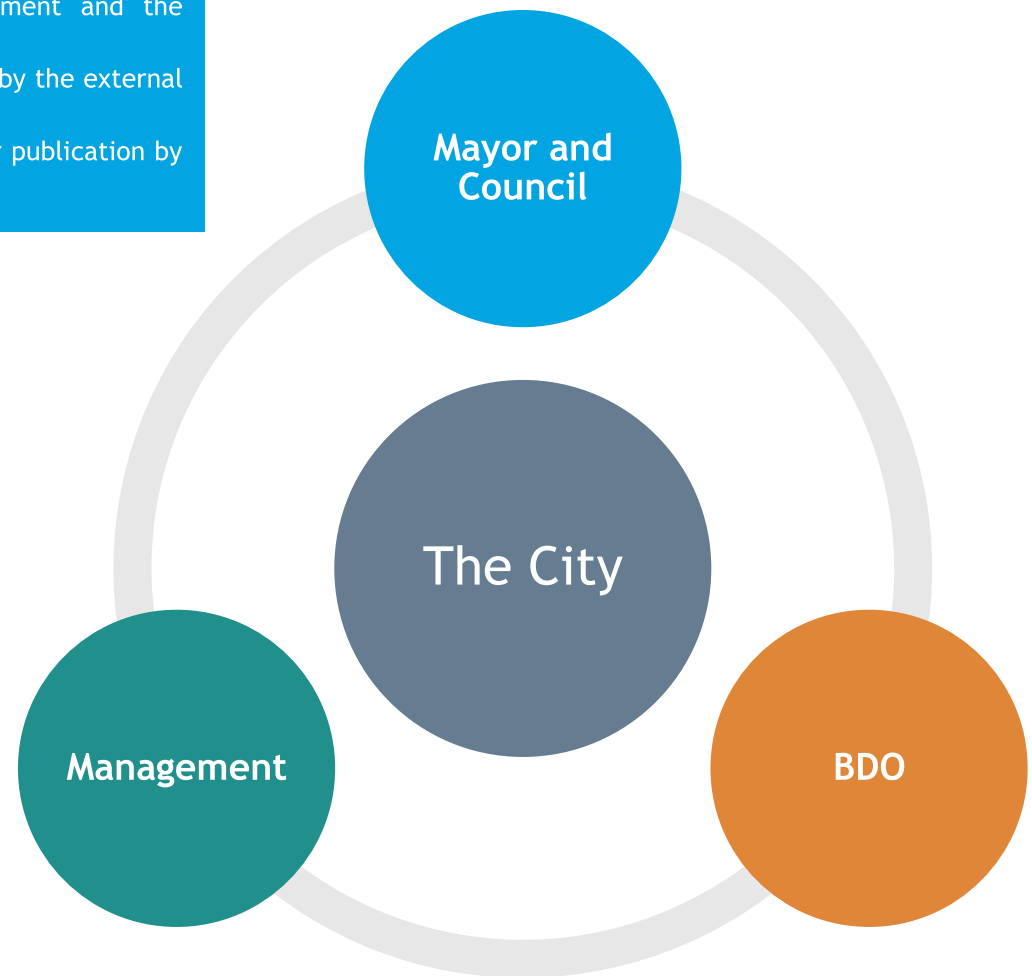


RESPONSIBILITIES OF THOSE CHARGED WITH GOVERNANCE

- ▶ Oversee the work of the external auditor engaged for the purpose of issuing an independent auditor’s report.
- ▶ Facilitate the resolution of disagreements between management and the external auditor regarding financial reporting matters.
- ▶ Review significant non-audit services to be provided to the City by the external auditor.
- ▶ Review the financial statements and annual report prior to their publication by the City

MANAGEMENT RESPONSIBILITIES

- ▶ Maintain adequate accounting records and maintain an appropriate system of internal control for the City.
- ▶ Select and consistently apply appropriate accounting policies.
- ▶ Prepare the annual financial statements in accordance with Canadian public sector accounting standards.
- ▶ Safeguard the City’s assets and take reasonable steps for the prevention and detection of fraud and other irregularities.
- ▶ Make available to us, as and when required, all of the City’s accounting records and related financial information.



APPENDIX C: BDO RESOURCES

BDO is a leading provider of professional services to clients of all sizes in virtually all business sectors. Our team delivers a comprehensive range of assurance, accounting, tax, and advisory services, complemented by a deep industry knowledge gained from nearly 100 years of working within local communities. Commitment to knowledge and best practice sharing ensures that expertise is easily shared across our global network.

Outlined below is a summary of certain BDO resources which may be of interest to Mayor and Council and management within the City.

EMPLOYEE WELLNESS & TALENT RETENTION DURING COVID-19

The social restrictions, workplace disruptions and general uncertainty of COVID-19 is having a significant impact on employee stress levels, creating negative effects on productivity and engagement. Even as restrictions initially eased in the summer months, uncertainty regarding a second wave and overall conclusion to this pandemic continued to drive increased stress. During this second wave, employees are expected to once again experience exceptional levels of anxiety related to workplace safety, and the resulting safety of their loved ones.

In these articles, BDO's Human Resources Advisory team shares a few insights on how to alleviate employee anxiety:

<https://www.bdo.ca/en-ca/insights/advisory/human-resources/how-employee-surveys-can-help-employee-wellness/>

<https://www.bdo.ca/en-ca/insights/advisory/human-resources/top-4-strategies-to-retain-key-talent-during-critical-times/>

CYBERSECURITY AND PRIVACY IMPLICATIONS OF OUR REMOTE-WORKING REALITY

The COVID-19 crisis has disrupted normal operations for many organizations, and remote work and teleconferencing have become the norm. In response to this shift organizations are turning to various commonly available or 'one size fits all' solutions for their communications and video conferencing needs. Though these tools are essential at this time, it is critical to be aware of the cybersecurity risks they pose.

This article describes a high profile issue from early in the pandemic, and the considerations every organization should make as a result:

<https://www.bdo.ca/en-ca/insights/advisory/cybersecurity/security-and-privacy-concerns-with-video-conferencing-solutions/>

FINANCIAL REPORTING IMPLICATIONS RELATING TO COVID-19

Global reactions and responses to the COVID-19 outbreak are continuing to evolve and change. The implications of this virus are far reaching. It is impacting daily operations in nearly every sector and has led to widespread economic uncertainty and volatility in financial markets.

This article elaborates on the financial reporting implications to Canadian public sector entities:

<https://www.bdo.ca/en-ca/insights/industries/public-sector/covid-19-financial-reporting-implications-for-public-sector/>

APPENDIX D: CHANGES IN ACCOUNTING STANDARDS WITH POTENTIAL AFFECT TO THE CITY

The following summarizes the status of new standards and the changes to existing standards as of the fall of 2020. The Appendix also reviews Exposure Drafts, Statements of Principles, Projects and Post Implementation Reviews that provide information on the future direction of CPA Public Sector Accounting Handbook.

NEW STANDARDS NOT YET IN EFFECT

Section PS 3400 Revenue

(effective years beginning on or after April 1, 2023 - date revised due to COVID-19)

This section is related to revenue recognition principles that apply to revenues of governments and government organizations other than government transfers and tax revenue.

The Public Sector Accounting Handbook has two Sections that address two major sources of government revenues, government transfers and tax revenue. Revenues are defined in Section PS 1000, Financial Statement Concepts. Recognition and disclosure of revenues are described in general terms in Section PS 1201, Financial Statement Presentation.

This section addresses recognition, measurement and presentation of revenues that are common in the public sector. It is less complex than the comparable new IFRS standard, although generally consistent in philosophy.

This new Section will be effective for fiscal years beginning on or after April 1, 2023. Earlier adoption is permitted.

Section PS 3280, Asset Retirement Obligations

(effective years beginning on or after April 1, 2022 - date revised due to COVID-19)

This new Section establishes standards on how to account for and report a liability for asset retirement obligations. The main features of the new Section are:

- An asset retirement obligation is a legal obligation associated with the retirement of a tangible capital asset.
- Asset retirement costs associated with a tangible capital asset controlled by the entity increase the carrying amount of the related tangible capital asset (or a component thereof) and are expensed in a rational and systematic manner.
- Asset retirement costs associated with an asset no longer in productive use are expensed.
- Measurement of a liability for an asset retirement obligation should result in the best estimate of the amount required to retire a tangible capital asset (or a component thereof) at the financial statement date.
- Subsequent measurement of the liability can result in either a change in the carrying amount of the related tangible capital asset (or a component thereof), or an expense, depending on the nature of the re-measurement and whether the asset remains in productive use.
- A present value technique is often the best method with which to estimate the liability.
- As a consequence of the issuance of Section PS 3280:
 - editorial changes have been made to other standards; and
 - Section PS 3270, Solid Waste Landfill Closure and Post-Closure Liability has been withdrawn.

This Section applies to fiscal years beginning on or after April 1, 2022. Earlier adoption is permitted.

Section PS 3270 will remain in effect until the adoption of Section PS 3280 for fiscal periods beginning on or after April 1, 2022, unless a public sector entity elects earlier adoption.

This is one of the most significant new standards in years and will require considerable staff time in most entities to prepare for compliance. BDO has tools and resources to assist in this regard including our ARO Implementation Checklist.

Financial Instruments Narrow Scope Amendments (effective years beginning on or after April 1, 2022 - date revised due to COVID-19)

As the name implies, these amendments are quite narrow in scope and will not impact many entities.

The amendments are intended to:

- clarify how to deal with financial instruments intended to maintain orderly conditions for the circulation of the Canadian dollar (will impact Federal Government only)
- change treatment of bond repurchases such that will not always be an immediate extinguishment of debt
- clarifies and simplifies certain transitional provisions

An Exposure Draft was issued in January 2019 and a Final Standard was issued in March 2020.

EXPOSURE DRAFTS PENDING

Purchased Intangibles: Narrow Scope Amendments

This project came together quickly as a result of a submission to the Public Sector Accounting Discussion Group. An Exposure Draft was issued in November 2019 and comments closed January 31, 2020. It is expected that PSAB will approve the amendments in fall 2020.

The main features of these amendments will be to:

- remove the recognition prohibition on purchased intangibles from Section PS 1000;
- remove the disclosure requirements from Section PS 1201 relating to purchased intangibles not recognized; and thus,
- allow for the recognition of purchased intangibles in public sector financial statements.

Public Private Partnerships

This project has been underway since 2014 and is nearing completion. PSAB is currently deliberating feedback received on the exposure draft which closed at the end of February 2020.

The exposure draft recommends the following:

- an asset would be recorded when the public sector entity controls:
 - the purpose and use of the infrastructure;
 - access to the infrastructure; and
 - any significant interest accumulated in the infrastructure when the public private partnership's term ends.
- asset to be recorded at cost/fair value -- usually based on present value of future payments related to construction/acquisition of asset
- record liability at same amount as asset
- liability a financial liability when cash/asset consideration, but if non-financial consideration may be:
 - a non-financial liability such as unearned revenue
 - or if no performance obligations may be immediate recognition of proceeds from grants of rights for use
- where a liability is recorded, it should be reduced as performance obligations are settled
- fairly detailed disclosure requirements

Concepts Underlying Financial Performance

This project includes both the "Conceptual Framework" and "Reporting Model" related to it. It is also nearing completion with an Exposure Draft expected in January 2021.

The existing Conceptual Framework found in Sections PS 1000, Financial Statement Concepts and PS 1100, Financial Statement Objectives will be replaced by 10 new chapters.

Further a new Reporting Model will amend and/or replace PS 1201, Financial Statement Presentation. It is expected that the new Reporting Model will allow better flexibility for application of PSAS to financial statements of government organizations and general improvements to aid understanding of financial statements. In particular, potential options for presentation of endowment investments and related fund balances.

CONSULTATION PAPERS AND INVITATIONS TO COMMENT

Review of International Strategy

On May 5, 2020, PSAB voted to approve "Option 2 - Adapt IPSAS principles when developing future standards," as described in Consultation Paper 2, "Reviewing PSAB's Approach to International Public Sector Accounting Standards." This decision resulted from extensive consultation with Canadian stakeholders. The Board initiated the project through its 2017-2021 Strategic Plan, "Review of PSAB's Approach to International Public Sector Accounting Standards."

Option II: Adapt IPSAS principles when developing future standards. PSAB would continue to develop PSAS, but future standards would be based on principles in existing individual IPSAS as each is considered by PSAB. The Board would establish a "Criteria for Modifying Principles" document to provide guidance on when departures from IPSAS principles in a standard under consideration are permitted. The Board's conceptual framework and financial reporting model would continue as the foundation for Canadian public sector generally accepted accounting principle (GAAP). So, a departure from principles in an individual IPSAS would be required if they conflict with the Board's framework or model. Changes to GAAP under this option would occur prospectively, and the Board's due process would be modified to incorporate the Criteria for Modifying Principles. Given that future PSAS would be based on principles in existing individual IPSAS, there would be an increased focus toward influencing the principles under development for new IPSAS.

Government Not-for-Profit Strategy

When government not-for-profits were brought into the PSA Handbook they were given the option of applying PSAS standards or PSAS standards in conjunction with the "4200 Series" of standards that mirror Part III of the CPA Handbook. It was always recognized that the 4200 Series was likely a stop-gap measure with additional NPO-specific standards being brought into the "regular" PSA Handbook. The need to review the GNFP strategy become more urgent with several provinces mandating that their organizations not use the 4200 series.

This is a difficult area because of the fact that many GNFPs operate quite differently than governments do and therefore do not fit well into a government financial reporting model. Moreover, not-for-profit organizations that are not government controlled follow different standards than GNFPs do (particularly those GNFPs that do not use 4200 series) which makes comparisons between some entities difficult.

PSAB has recognized the issues facing the GNFPO sector and has created a GNFPO Strategy Committee to guide it through a process of developing improved guidance for GNFPOs. Retired BDO partner Bill Cox is the Chair of this committee. The committee issued its first Consultation Paper in May 2019 which was mostly fact-finding. A second consultation paper will be issued in January 2021 which will include options and a recommended strategy. The recommendation will be for GNFPOs to go “full PSAS” but that as part of this process the existing PS 4200 standards will be reviewed on a standard by standard basis. Each existing 4200 standard will either be brought in to amend or supplement PSA standards or be discarded.

Employment Benefits

The existing Employee Benefits standards in PS 3250, Retirement Benefits and PS 3255, Post-employment Benefits are some of the older standards currently existing in the PSA Handbook. Quite frankly, they have not kept pace with the changes that have occurred in the industry. New concepts such as "Target-Benefit Plans" and "Shared-Risk Plans" do not fit in neatly to existing standards.

In recognition of the wide scope of review required to modernize these standards, PSAB had broken initial review into three different sections:

- Deferral Provisions (Invitation to Comment issued in November 2016)
- Discount Rate Guidance (Invitation to Comment issued in November 2017)
- Non-Traditional Pension Plans (Invitation to Comment issued in October 2018)

In late 2019 all projects in this area were curtailed for re-evaluation.

However, in mid-2020 the project was rebooted with a revised approach. The revised approach focuses on addressing the previously identified key issues using a multi-release strategy. Given the reboot, it is too early to predict where this project might be headed.